



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



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TREASURER AND TAX COLLECTOR

May 14, 2010

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TO: Supervisor Gloria Molina, Chair
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Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Mark J. Saladino
Treasurer and Tax Collector 

SUBJECT: **LANCASTER PROPERTY TAX COLLECTIONS**

On April 20, 2010, on motion of Supervisor Antonovich, the Board directed the Treasurer and Tax Collector (TTC) to report back in 30 days on its evaluation of various options for maintaining the TTC's collection of property tax payments for limited periods each December and April at the north County offices in Lancaster. The TTC has proposed eliminating this service as part of the Chief Executive Office's (CEO) 2010-11 Proposed County Budget. This memorandum constitutes our evaluation of the requested options.

Background

The TTC currently staffs County offices in Lancaster for a limited time each December and April to allow constituents in the north County to make their first and second installment payments, respectively, in person. During this most recent period, from April 1 to April 12, constituents made approximately 2,200 property tax payments at this office.

In order to achieve the CEO's mandated budget savings for Fiscal Year 2010-2011, the TTC proposed eliminating this service and estimated a cost savings of \$11,000.

Options Evaluated for Maintaining the Service

Supervisor Antonovich requested TTC to evaluate the following options for maintaining the service:

Option 1: Work with the Assessor's office to determine if Assessor staff could accept payments in the Lancaster office on behalf of the TTC.

Evaluation:

At the Lancaster site, the TTC accepts checks and money orders only; the TTC does not accept cash. TTC staff cashier the payment in the TTC's cashiering system and provides the taxpayer with a paper receipt showing, among other information, the property's Assessor Identification

Number (AIN) and the amount paid. Substituting Assessor staff for TTC staff in this process would not result in any savings. In fact, costs would likely increase due to the following:

- While the Assessor maintains an office in the same office complex, Assessor staff is not authorized to access the TTC's cashiering system, nor is Assessor staff trained in the cashiering process. The Assessor would incur significant start-up costs to train staff in this process.
- As part of the TTC's comprehensive system of internal controls related to its cashiering operations, cashiering staff must pass a Live Scan background check to insure staff has no criminal history which may jeopardize the integrity of TTC's payment and receipting protocols. The Assessor would incur incremental costs for its staff to undergo the Live Scan process.
- Regardless of whether Assessor or TTC staff was to accept and receipt for payments, armored car services would still be required to pick up the checks for timely deposit to a designated County financial institution.

In summary, costs would actually increase if Assessor staff, in lieu of TTC staff, were to accept payments.

Option 2: Allow constituents to deposit their property tax payments at the County's bank, Bank of America.

Evaluation:

None of the banks with whom the TTC contracts have access to the TTC's cashiering or property tax systems, so the banks would not be able to provide the constituent with a receipt indicating the parcel and amount paid.

Staff evaluated the possibility of providing bank branches in the Lancaster area with special envelopes designated with a TTC Property Tax logo of some kind. Constituents could insert their payments into the envelope and give the envelope to a teller. Banks would then consolidate the envelopes and send them to the TTC's remittance processing operation at the Kenneth Hahn Hall of Administration for processing. However, since the bank is not providing the constituent with a receipt, State law would consider the payment received on the date that TTC received the envelope, not the date the constituent deposited the envelope at the bank. It would actually be more advantageous for the constituent to simply deposit the envelope at a local United States Postal Service (USPS) branch, and not a bank branch, as the USPS postmarks its mail. State law stipulates a mail payment must be postmarked by the delinquency date.

In summary, this is not a viable option. Banks would not be able to provide the constituent with a receipt. Costs to the County would increase as TTC would need to special order the envelopes and the banks would charge TTC for this service. Finally, if a constituent is going to deposit a payment at the bank, the constituent is no more inconvenienced by mailing the payment at a local USPS branch or postal box.

Option 3: Provide constituents internet access in the County's Lancaster offices so that constituents could access the TTC website and use online payment options.

Evaluation:

During non-property tax season, the TTC staffs the Lancaster office only two days per week for purposes of accepting business license applications. If we were to purchase and install a computer with Internet access for constituents to make online property tax payments during the busy December and April seasons, the need to staff the office five days per week would continue. As well, as long as the office is open, we would likely be forced to continue to accept checks from those constituents who would not want to use the computer to make an online payment. In summary, costs under this option would actually increase, due to the purchase and installation of the computer equipment.

As an alternative, constituents who do not have a personal computer with Internet access could use a public computer with Internet access at a local library. For example, the Los Angeles County Library makes public computers and Internet access available to customers in good standing (i.e., customers without excessive fines/fees or overdue materials). To use a computer or access the wireless service, customers need a library card, a PIN, and use is limited to one hour per day. Customers without a library card may apply for one onsite and anyone who is not eligible to receive a library card may request a card for computer use only. Computers are available on a first-come, first-served basis and a reservation can be made once per day by calling a County Library. Library staff is not able to provide technical assistance to customers who are not familiar with computers or the online payment process.

In our discussion with the Library, they suggested another alternative, which is the purchase of a new computer workstation for installation at the local library which they could dedicate during the busy seasons solely for use by constituents for online payment of property taxes. The cost for the purchase and installation of the workstation would approximate \$5,000, and staff estimates the useful life of the equipment to be three years.

It is important to note that regardless of whether we cease the operation altogether or provide a reasonable, cost-effective alternative, the TTC has retained in its cashiering system the parcel number associated with payments made at the Lancaster office in December 2009 and April 2010. Accordingly, TTC would be able to do a direct mailing to the situs addresses of these parcels, informing the parcel owner of any changes in our tax payment procedures.

Option 4: Work with the Chief Executive Officer to determine whether necessary funding is available to maintain the service at the current levels.

Evaluation:

The TTC included the elimination of these services in order to meet the CEO's budget curtailment requirements. The CEO has informed us that given the current economic situation, the funding needed to restore this program in FY 2010-11 Final Changes is unavailable. However, the CEO plans to reassess the situation after FY 2009-10 year-end closing and return to your Board with potential funding, if any, during Supplemental Changes.

Each Supervisor
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If there are any questions, please contact me, or your staff may contact Joseph Kelly, Chief Deputy Treasurer and Tax Collector, at (213) 974-2184.

MJS:JK:st

cc: Assessor
Chief Executive Officer
Executive Officer, Board of Supervisors
County Librarian